

## Message Text

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PAGE 01 SEOUL 02011 130345Z  
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 /021 W  
-----085972 130347Z /63  
P R 130317Z MAR 78  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC PRIORITY 9808  
INFO USDOC WASHDC

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E.O. 11652: N/A  
TAGS: BENC, KS  
SUBJECT: MAJOR PROJECT - SAMCHONPO THERMAL POWER: BOILER TENDER

REF: (A) STATE 057663; (B) 77 SEOUL 1750

1. UPON RECEIPT OF REFTEL (A), EMBASSY CONTACTED KOREA ELECTRIC COMPANY (KECO) AND LEARNED INFORMALLY THAT PROJECT WAS NOT REPEAT NOT AWARDED TO HUNDAI INTERNATIONAL (HII) NINE MONTHS AGO. RATHER, A LETTER OF INTENT ISSUED BY KECO TO HII IN AUGUST 1977 WAS ONLY FOR THE TURNKEY CONSTRUCTION OF THE PROJECT. ALTHOUGH HYUNDAI SUBSEQUENTLY PRESENTED A SEALED PROPOSAL TO KECO DECEMBER 1977, IT WAS NOT ACCEPTED AND WAS IMMEDIATELY RETURNED UNOPENED TO THE PERSON WHO HAD DELIVERED IT.

2. KECO'S REASON FOR REFUSING HII'S PROPOSAL WAS BASED ON AN INTERMEDIATE REPORT BY GIBBS AND HILL (U.S. CONSULTING ENGINEER FOR THE FEASIBILITY STUDY) OF THEIR FINDINGS THAT THE PLANTS CAN BE MORE ECONOMICALLY OPERATED FIRED 100 PERCENT BY COAL INSTEAD OF BEING DESIGNED FOR BOTH BITUMINOUS COAL AND HEAVY OIL (REFTEL B). KECO HAD DECIDED TO FOLLOW GIBBS AND HILL'S INTERMEDIATE RECOMMENDATIONS AND HAS PARTIALLY REVISED THE PROJECT DESCRIPTION.

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3. KECO ISSUED TENDER DOCUMENTS FOR EQUIPMENT PROCUREMENT (TURBINE GENERATOR AND BOILER TO BE USED FOR THE PROJECT) ON MARCH 2, 1978 TO 16 FOREIGN FIRMS AND ONE KOREAN FIRM (HYUNDAI INTERNATIONAL) WITH THE REQUEST THAT THEY SUBMIT BIDS TO KECO BY MAY 15, 1978. THE 16 FOREIGN FIRMS ARE: GE, CE, WESTINGHOUSE, B&W-US, FOSTER-WHEELER (5US FIRMS); BBC, HITACHI, MITSUBISHI, ALSTHON, STEIN INDUSTRIES, GEC, KWUT, MAN, TOSHIBA, B&W-UK,

AND IHL.

4. FOREGOING INFORMATION IS BEING CLOSELY HELD WITHIN KECO AND SHOULD BE TREATED AS SENSITIVE.

5. COMMERCE MAY WISH TO RELAY PARA 3 INFORMATION WITH CAUTION FOR DISCRETION TO THE LISTED US FIRMS ONLY SO THAT THEY CAN KNOW WHO THEIR THIRD COUNTRY COMPETITORS ARE. FOSTER-WHEELER OF COURSE HAS AT LEAST TWO SHOTS AT THE PROJECT BY BIDDING IN ITS OWN NAME AS WELL AS THROUGH HYUNDAI INTERNATIONAL AND PERHAPS OTHER BIDDERS.  
SNEIDER

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 mar 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Errors:** N/A  
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**Original Handling Restrictions:** ONLY  
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**Review Markings:**  
Sheryl P. Walter  
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